

THREE-YEAR CAPITAL OUTLAY NOTES - EXTENSION

RESOLUTION OF THE GOVERNING BODY OF _____,
TENNESSEE, AUTHORIZING THE ISSUANCE, SALE, AND
PAYMENT OF _____
CAPITAL OUTLAY NOTES (EXTENSION 20 __) NOT TO EXCEED
\$ _____

WHEREAS, pursuant to Title 9, Chapter 21, Tennessee Code Annotated, Parts I, IV, VI, the Governing Body of _____, Tennessee, (the "Local Government") duly adopted a resolution dated _____, ____, authorizing the issuance of interest-bearing capital outlay notes (the "Original Notes") not to exceed _____ Dollars (\$ _____) to finance the cost of the Project referenced therein, (the "Resolution"); and

WHEREAS, _____ Dollars (\$ _____) of the Original Notes have been issued, sold, and dated _____, ____; and

WHEREAS, Title 9, Chapter 21, Tennessee Code Annotated provides that local governments in Tennessee are authorized to extend or renew the maturity date of interest bearing capital outlay notes upon the approval of the State Director of Local Finance; and

WHEREAS, the Governing Body finds that it is advantageous to the Local Government to authorize the issuance and sale of capital outlay extension notes to extend and renew the maturity of _____ Dollars (\$ _____) of the Original Notes maturing on _____, ____;

NOW THEREFORE, BE IT RESOLVED, by the Governing Body of _____, Tennessee, as follows:

Section 1. That, for the purpose of providing funds to retire the outstanding Original Notes, the Chief Executive Officer of the Local Government is hereby authorized in accordance with the terms of this resolution, and upon approval of the State Director of Local Finance, to issue and sell interest-bearing capital outlay extension notes in the principal amount not to exceed _____ Dollars (\$ _____) (the "Extension Notes") at either a competitive public sale or at a private negotiated sale pursuant to the terms, provisions, and conditions permitted by law. The Extension Notes shall be designated "_____ Capital Outlay Extension Notes, Series 20__"; shall be numbered serially from 1 upwards; shall be dated as of the date of issuance; shall be in denomination (s) as agreed upon with the purchaser; shall be sold at not less than 99% of par value and accrued interest; and shall bear interest at a rate or rates not to exceed _____ per cent (___%) per annum, and in no event shall the rate exceed the legal limit provided by law.

Section 2. That, the Extension Notes shall mature not later than three (3) years after the date of issuance and that the term of the Original notes, Extension Notes and any further extension or renewal notes, in combination, shall not exceed the reasonably expected economic life of the Project, as certified by the Governing Body in the Resolution. Provided, however, that unless otherwise approved by the State Director of Local Finance, each year the Extension Notes are outstanding, one-____ (1/__), but in

no event not less than one-ninth (1/9), of the original principal amount of the Original Notes shall mature without renewal but subject to prior redemption.

Section 3. That, the Extension Notes shall be subject to redemption at the option of the Local Government, in whole or in part, at any time, at the principal amount and accrued interest to the date of redemption, without a premium, or, if sold at par, with or without a premium of not exceeding one percent (1%) of the principal amount.

Section 4. That, the Notes shall be direct general obligations of the Local Government, for which the punctual payment of the principal and interest on the notes, the full faith and credit of the Local Government is irrevocably pledged and the Local Government hereby pledges its taxing power as to all taxable property in the Local Government for the purpose of providing funds for the payment of principal of and interest on the Notes. The Governing Body of the Local Government hereby authorizes the levy and collection of a special tax on all taxable property of the Local government over and above all other taxes authorized by the Local government to create a sinking fund to retire the Notes with interest as they mature in an amount necessary for that purpose.

If applicable the Extension Notes shall be further secured by

(If the revenues generated by Project are to be applied as additional security for the Extension Notes, describe such revenues here.)

Section 5. That, the Extension Notes shall be executed in the name of the Local Government and bear the manual signature of the chief executive officer of the Local Government and the manual signature of the _____ with the Local Government seal affixed thereon; and shall be payable as to principal and interest at the office of the _____ of the Local Government or the paying agent duly appointed by the Local Government. Proceeds of the Notes shall be deposited with the _____ of the Local Government and shall be paid out for the purpose of financing the Project pursuant to this Resolution and as required by law.

Section 6. That, the Extension Notes will be issued in fully registered form and that at all times during which any Extension Note remains outstanding and unpaid, the Local Government or its agent shall keep or cause to be kept at its office a note register for the registration, exchange or transfer of the Extension Notes. The note transfer, if held by an agent of the Local Government, shall at all times be open for inspection by the Local Government or any duly authorized officer of the Local Government. Each Extension Note shall have the qualities and incidents of a negotiable instrument and shall be transferable only upon the note register kept by the Local Government or its agent, by the registered owner of the Extension Note in person or by the registered owner's attorney duly authorized in writing, upon presentation and surrender to the Local Government or its agent together with a written instruction of transfer satisfactory to the Local Government duly executed by the registered owner or the registered owner's duly authorized attorney. Upon the transfer of any such Extension Note, the Local Government shall issue in the name of the transferee a new registered note or notes of the same aggregate principal amount and maturity as the surrendered Extension Note. The Local Government shall not be obligated to make any such Extension Note transfer during the fifteen (15) days next preceding an interest payment date on the Extension Notes, or in the case of any redemption of Extension Notes, during the forty-five (45) days next preceding the date of redemption.

Section 7. That, the Extension Notes shall be in substantially the form attached hereto and shall recite that the Extension Notes are issued pursuant to Title 9, Chapter 21, Tennessee Code Annotated.

Section 8. That, the Extension Notes shall be sold only after the receipt of the written approval of the State Director of Local Finance for the sale of the Extension Notes.

Section 9 That, after the sale of the Extension Notes, and for each year that any of the notes are outstanding, the Local Government shall prepare an annual budget in a form consistent with accepted governmental standards and as approved by the State Director of Local Finance (the "Director".) The budget shall be kept balanced during the life of the notes. The annual budget shall be submitted to the Director immediately upon its adoption; however, it shall not become the official budget for the fiscal year until such budget is approved by the Director in accordance with Title 9, Chapter 21, Tennessee Code Annotated (the "Statutes".) If the Director determines that the budget does not comply with the Statutes, the Governing Body shall adjust its estimates or make additional tax levies sufficient to comply with the Statutes, or as directed by the Director.

Section 10. That, if any of the Extension Notes shall remain unpaid at the end of three (3) years from the issue date, then the unpaid Extension Notes shall be renewed or extended as permitted by law or retired from the funds of the Local Government or be converted into bonds pursuant to Chapter 11 of Title 9 of the Tennessee Code Annotated, or any other law, or be otherwise liquidated as approved by the State Director of Local Finance.

Section 11. That, all orders or resolutions in conflict with this resolution are hereby repealed insofar as such conflict exists and this resolution shall become effective immediately upon its passage.

Duly passed and approved this _____ day of _____, 20__.

(Local Government Chief Executive)

ATTESTED:

(City Recorder/County Clerk)